

## **IRS Issued 20 Q&As Regarding Form 941 and COBRA Premium Subsidy**

The American Recovery and Reinvestment Act (the "Act"), which was enacted on Tuesday, February 17, 2009, provides federal assistance for payment of COBRA premiums to employees and covered family members with adjusted gross incomes below a maximum threshold who lost or will lose coverage due to *involuntary* termination of employment from September 1, 2008 through 2009. These federal assistance provisions impose new obligations upon sponsors of single-employer group health plans, multiemployer plans and group health insurers, and the Internal Revenue Service, Department of Labor, and Department of Health and Human Services are all working on guidance necessary to implement the new law.

Today, the first of that guidance was released in the form of 20 Questions and Answers that the IRS posted to its website to address issues relating to claiming the COBRA subsidy as a credit on Form 941, and certain other issues, including:

- The documentation that entities who claim the credit are expected to maintain,
- Information about a 2 month transition rule available to employers,
- Clarification about the criteria for COBRA subsidy eligibility,
- Clarification about the entity responsible for claiming the credit, and
- The mandatory aspect of the new law.

The guidance and IRS news release are available at:

<http://www.irs.gov/newsroom/article/0,,id=204709,00.html>

We will provide updates on further developments. In the meantime, if you have any questions, please contact your regular Groom attorney or any of the Health and Welfare Practice Group attorneys listed below:

Jon W. Breyfogle	jwb@groom.com	(202) 861-6641
Jenifer A. Cromwell	jac@groom.com	(202) 861-6329
Thomas F. Fitzgerald	tff@groom.com	(202) 861-6621
Debbie G. Leung	dgl@groom.com	(202) 861-2601
Christine L. Keller	clk@groom.com	(202) 861-9371
Heather E. Meade	hem@groom.com	(202) 861-0179
William F. Sweetnam	wfs@groom.com	(202) 861-5427
Christy A. Tinnes	cat@groom.com	(202) 861-6603
Donald G. Willis	dgw@groom.com	(202) 861-6332
Brigen L. Winters	blw@groom.com	(202) 861- 6618